

Sustainable Forest Products Global Alliance

Year 4 Quarter 4 Report

Submitted by Metafore and World Wildlife Fund

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Sustainable Forest Products Global Alliance
Year 4 Quarter 4 Report
July 1, 2006 through September 30, 2006

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1. *Introduction*

The Sustainable Forest Products Global Alliance is a public/private partnership that seeks to make markets work for forests and people. Together, the partners in the Global Alliance work to advance a new model for forest conservation and community development in USAID-presence countries in which sustainable forest management is rewarded in the global marketplace. By reducing trade in illegally harvested or unsustainably managed forest products, opportunities for resource-dependent communities and low-income producers will grow.

This report summarizes the accomplishments of the two non-governmental partners—WWF and Metafore—for the second quarter (July 1, 2006 through September 30, 2006) of the fourth funding year of the Global Alliance. During this period, WWF and Metafore made substantial progress towards accomplishing the expected achievements defined for the year.

2. *Expected Achievements and Benchmarks*

In November 2002, Global Alliance members and their partners adopted a Results Framework which outlined expected multi-year achievements and related first year benchmarks. During subsequent annual reviews, Global Alliance members have revised the multi-year achievements and drafted benchmarks. The following benchmarks designed for year four (October 1, 2005 through September 30, 2006) of the Global Alliance has been revised at the SFPGA retreat in February 2006.

Expected Achievement A: Enhanced demand for legally produced products from well-managed forests through implementation of responsible purchasing practices by businesses, government agencies, and other organizations.

Benchmarks:

- Increase number of government agencies and businesses that agree to source forest products from legal, well-managed forests.
- Increase number of businesses and governments implementing purchasing policies that prefer forest products from legal, well-managed forests.

Expected Achievement B: Increased supply of products legally produced from well-managed forests that generate social, economic, and ecological benefits through improved forest management.

Benchmarks:

- Increase the organizational and technical capacity of producers to manage legally and responsibly (as evidenced (or measured) by number of producer FTN applications).
- Increase the area of forest under improved forest management (as evidenced/measured by participation in (or acceptance/qualification to) producer FTNs).

- Increase the area of forest under effective management as verified by credible certification.

Expected Achievement C: More efficient trade of legal forest products from well-managed forests through the development and dissemination of information that enhances decision making of willing buyers and sellers.

Benchmarks:

- Expand technical, policy, and market information availability via Web-based resources and other venues.
- Increase economic value and the number of market links (or trade relationships) between willing buyers and producers.

3. Global Highlights

- The number of forest participants¹ in the Global Forest & Trade Network (GFTN) has grown from 56 to 59 companies and the forest area they manage has increased from 16.6m Hectares to 19.8m Ha in this quarter. In addition, 83 applicants managing approximately 4.3m Ha are at various stages of the application process (See Table2: Forest Participants Progress).
- The number of trade participants² in the GFTN has also increased in this quarter from 256 to 276 companies. These companies currently trade 147 million cubic meters of round wood equivalent (RWE) per year (around 10% of the global harvest of industrial round wood), which represent nearly \$46 billion in forest product sales per year, with total sales of roughly \$268 billion per year. They employ nearly 1.4 million people (See Table3: Trade Participants Progress).
- GFTN has generated 321 enquiries from trade participants or applicants who wish to purchase more responsibly from forest participants in the network. To date 118 of these enquiries have become market links where the two organizations are now trading. These market links have an estimated value in excess of \$64 million. The remaining 203 enquiries remain open for current or future Forest & Trade Network (FTN) participants. These enquiries have a value of in excess of \$262 million and range from plywood and paper and to sawn wood and logs. This represents considerable demand for responsibly produced forest products and is a useful indicator which FTNs are using to inspire new FTN membership (See Table3: Market Links Progress).
- The ComForNet listserve was launched by Metafore. This Internet listserve is designed to provide a forum for community forest stakeholders in Latin America to share information that will help them succeed in markets seeking value-added tropical wood products. Since its launch in September, 50 stakeholders representing the private sector, government agencies, NGO's, and academia have subscribed.

¹ Forest participant means a participant who is a forest owner or manager.

² Trade participant means a participant who is a processor, manufacturer, trader, specifier, or end-user of wood or paper products.

- Metafore's *In Focus* newsletter continued to raise awareness of responsible business practices and stories of success related to responsible forest trade issues with a total of 3,209 subscriptions.
- GFTN published a second edition of the *Guide to Responsible Purchasing of Forest Products* as well as the new *Keep It Legal* manual, a tool for helping companies evaluate the sources of their forest products and take steps to ensure that they are from legal sources. GFTN is currently developing a refresher course for all FTN managers to ensure that they are prepared to offer instruction to participating companies based on the *Guide to Responsible Purchasing* and *Keep It Legal*. All FTN managers will receive the training within the first six months of 2007.
- GFTN prepared the third in its series of case studies - *GFTN in Brief* - for publication in November, 2006. The topic is the rapid growth of certification in Russia and Russia's market interactions with the rest of the world - particularly China.
- GFTN communications officers oversaw location filming in Indonesia, the United Kingdom, and Brussels for an educational DVD on the benefits for companies of working with the GFTN, as well as related issues such as illegal logging. The DVD is scheduled for release in early 2007. As part of the same project, GFTN is producing a television special on emerging markets for responsible forest products that will be televised on BBC in December, 2006.

4. Regional Highlights

Consumer Countries

WWF North America Forest & Trade Network

- The NAFTAFN continues to gain momentum following on its spring launch at the Forest Leadership Forum. Toilet paper, tissue, and paper towel manufacturing giant Procter & Gamble and home improvement retailer Lowe's (along with two of its suppliers who buy flooring from Indonesia and China) have applied to join the NAFTAFN. WWF is currently in advanced discussions with five other wood and paper-buying companies, including a "big box" retailer, a furniture catalog and retail company, and an office supply retailer that are interested in the FTN.
- In September, GFTN staff coordinated a trip to China, the Russian Far East, Indonesia, and Malaysia for representatives of NAFTAFN member company BlueLinx to visit with existing and potential suppliers. Through this trip the NAFTAFN assisted BlueLinx to convey the interest of the US market for certified forest products from these countries, communicate the company's responsible purchasing policy to current and future suppliers, and train its local purchasing staff to assess suppliers for compliance with the policy. As an immediate result of the trip, a Chinese manufacturing company that supplies flooring products to the US market has now applied to join the China FTN to pursue responsible purchasing and certification. The trip was also successful in opening new doors with both a major plywood manufacturer in Indonesia and the Malaysian forest products industry for working with GFTN.
- The NAFTAFN also published its second in a series of educational trade briefs, *Building a Better Business Through Responsible Purchasing: A Brief for US Companies Purchasing Wood Products from Latin America* designed to raise the awareness of US importers on the challenges and solutions to sourcing responsibly from Brazil, Peru, Bolivia and other countries.

GFTN Europe

WWF's activities in Europe are supported by matching funds.

- Fourteen Dutch housing development companies signed a contract with the FTN Netherlands (FSC Netherlands) to supply 100% FSC certified material in their constructions for the next five years. The projects of these companies total in 45,000 houses using around 135.000 m3 of wood (including 13.500 m3 of tropical wood). The tropical wood will be imported from Borneo. The material is currently bought from FTN Indonesia member Sumalindo. This contract will enhance the incentive for other Bornean suppliers to achieve certification within the next five years through a partnership with the FTN Indonesia. Part of the softwood will likely come from GFTN members in Russia. The impact of this project is very important and the target is to achieve 100,000 houses within the same agreement within the next quarter.
- During the period WWF Wood Group Germany (FTN Germany) has made substantial progress with regards to market links and enquiries to GFTN Producer Groups. The large DIY chain Hornbach (FTN Germany member) is in contact with 3 members of Indonesia FTN, Perum Perhutani, Sumalindo and PT Diraja Surya. This is a result of a study tour with Hornbach to Indonesia FTN in the spring as well as meetings during the SPOGA Garden furniture Fair in Cologne in September.
- Coop, the second biggest retailer in Switzerland behind Migros, is joining the WWF WOOD GROUP (FTN in Switzerland) and intends to further increase its proportion of certified wood and paper products as well as recycled paper. The type of wood and its source are to be declared in a transparent manner with the aim of eliminating unknown and illegal sources.
- For the second year the WWF UK FTN has produced an annual report. The new report has been well received from the UK FTN membership. The report is available at www.wwf.org.uk/ftn

GFTN Asia

WWF's activities in Japan and China are supported by matching funds.

- WWF Japan and WWF Sansho-kai (Japan FTN) hosted a seminar "Sustainable Forest Management in Indonesia, Legality, FTN, and FSC" on July 27. Speakers include WWF Indonesia, PT Sumalindo, PT Sari Bumi Kusuma, and Sumitomo Forestry, and approximately 90 people from traders, federations, academics, and NGOs attended the seminar. This seminar was to introduce the state of illegal logging in Indonesia as well as solutions including legality standard, FTN participation, and credible certification. Participating buyer companies also shared their views regarding the plywood market and certified timber. This seminar helped participants understand that it is possible to confirm legality of plywood from Indonesia and there are motivated forest owners and traders who are aiming at credible certification.
- WWF Japan, in partnership with Tohoku Forest Certification Research Group and Green Purchasing Network (GPN), co-hosted a seminar on responsible purchasing of paper on July 27, in Miyagi prefecture. This seminar was to promote a responsible purchasing concept with an emphasis on an appropriate use of both recycled and certified paper. More than 60 people from printing, general end users companies, and local authorities attended the seminar.

- China Forest & Trade Network (CFTN) facilitated BlueLinx (NAFTN Participant) to visits fourteen Chinese companies (CFTN participants, applicants, or potential applicants) in September. The trip has not only created opportunity for these Chinese companies to establish business relationship with BlueLinx, but also encouraged them to work with the CFTN to secure long-term development with more responsible practices. As a result of the visits, one of the targeted companies has submitted the application for CFTN membership, and other companies also expressed their interest to work with CFTN.
- CFTN has also facilitated a potential CFTN applicant company that imports a large volume of Russian wood to join a trip to Russia in September which was organized by the GFTN and Russia FTN. The company also has a large concession of forests in Omsk region, Russia. The interest for a certification as well as the CFTN membership was generated by their Japanese customer.
- CFTN and WWF Hong Kong organized two training workshops for Architectural Services Department (ASD) and Housing Authority of Hong Kong in August on certification and responsible trade of forestry products. These training workshops are to help two departments develop and implement the ASD timber purchasing clause and to identify any difficulties staff may experience when the new criteria are introduced. The training workshops received positive feedback from these two departments. As a result of these training workshops, one of the targeted companies has submitted the application to the CFTN. In addition, another four seminars on certification and responsible purchasing were organized to four large construction developers of Hong Kong. One of the companies has already started drafting a responsible timber purchasing policy with assistance of the CFTN.
- As a first attempt to advocate certified product and to develop market demand for responsible forestry products in China Mainland, CFTN has approached the Beijing Olympic Corporation to introduce certified products to be used in one of the Olympic buildings. The building is supposed to be used as a kindergarten and serves as a model building with low- energy consumption.

Professional Development Program/Lesser-known species strategies/Fair trade research

- Shadia Duery, Metafore's fourth year intern from Bolivia, joined the staff in July. She recently graduated in May with a double masters degree in "Forest Product Marketing" and "Environmental Planning and Management" from Louisiana State University. Shadia conducted her master's thesis on the U.S. demand for certified tropical hardwood products. Her expertise is in market research for sustainable forest products.
- The ComForNet listserve was launched. This Internet listserve is designed to provide a forum for community forest stakeholders in Latin America to share information that will help them succeed in markets seeking value-added tropical wood products. Since its launch in September, 50 stakeholders representing the private sector, government agencies, NGO's, and academia have subscribed.

- Research was initiated on the market for “fair trade” wood products in the U.S. This emerging market is a good opportunity for small tropical wood producers in developing economies that realistically can not compete in larger commodity markets.
- In July, Richard Chavez, Metafore’s year three intern completed a seminar in Panama City, Panama to present his findings on opportunities for introducing non-traditional tropical hardwood species in the U.S. market place. The seminar was coordinated and supported by Metafore, WWF- Central America, JagWood+, and the Fundacion Natura. A total of 51 representatives from private businesses, NGO’s and Associations, government agencies, and indigenous leaders attended.

Global Wood Advisor

- The Global Wood Advisor is currently being redesigned to take advantage of the growing ComForNet listserve audience. We are currently having conversations with Alex Moad of the USDA Forest Service and Scott Landis of Greenwood who will contribute to future editions of the Global Wood Advisor. We plan to expand distribution of the redesigned publication through ComForNet and we are considering creating a basic Web page to attract additional subscribers.

Forest Certification Resource Center

- Metafore staff continued outreach to organizations that would benefit from linking to the FCRC through Web portals which would provide data on certification to a wider audience. New Web portals will provide additional matching funds to the SFPGA and continue to increase knowledge of responsible forest management and promote responsibly harvested forest products.

Corporate Outreach: Influencing Key Markets

- Metafore staff presented to the Association of American Publishers regarding effective purchasing policies and the Environmental Paper Assessment Tool.
- Metafore staff met with twelve large corporations regarding purchasing activities, including, Federal Express, Harlequin Publishing and Hearst Publishing.
- Metafore maintained a dialogue with the Environmental Paper Network around endangered/sensitive forests issues being addressed by the Paper Working Group and other large paper purchasers.

Paper Working Group/Environmental Paper Assessment Tool (EPAT)

- During July and August, Metafore completed a second pilot phase of the EPAT based on Paper Working Group participant recommendations. Pilot testing was targeted at suppliers of paper products and their buyers. The pilot test was successful and provided feedback that was used to make changes necessary prior to the launch the EPAT into the marketplace.
- During September, Metafore coordinated a Paper Working Group meeting to finalize plans for launching the EPAT. Metafore staff continued to make the final changes to the EPAT before

the launch in October. Metafore staff also confirmed 41 subscribers to the EPAT representing buyers and suppliers of paper products.

Latin America and the Caribbean

Bolivia Forest & Trade Network:

- The Bolivia FTN welcomed the following four new participants:
 - Anatina Toys, a small company founded by the Bolivian Cement Manufacturer SOBOCE, designs high-end solid wood toys which are manufactured through socially responsible, outsourcing agreements with over 200 small artesans around Bolivia.
 - Jolyka, an FSC-certified German-American-Bolivian flooring manufacturer targeting the U.S. and European markets firm has representatives in all 3 countries. Jolyka's products have been featured in the Trump Palace (NY), the Ritz Carlton (NY, Boston and D.C.), Four Seasons Hotel (SFO).
 - La Chonta, a door, moulding, garden furniture and lumber manufacturer with 2 FSC-certified private concessions totaling 220,000 hectares
 - Mabet, a large door, window, flooring, mouldings and lumber manufacturer with 300,000 ha of FSC-certified forest and a proven ability to respond to the demands of the marketplace.
- FTN is also working with three new applicants to develop formal memberships which we anticipate to be finalized in early 2007.
- The Bolivia FTN has helped link Joyka with the Bajo Parana Indigenous Center (CIBAPA), an association of five Santa Cruz indigenous communities managing 90,000 hectares and one sawmill in the Bajo Paragua region of the Southwest Amazon in order to ensure a solid source of raw materials for the manufacturer, and jobs and revenues for the communities. WWF also helped link CIBAPA with TBM Hardwoods Bolivian office, a NAFTA member, as well as Madezpo a Brazilian company. Vietnamese furniture members of the FTN
- The seven Bolivia FTN participants currently manage a combined total of 621,000 hectares of forest that has been certified or is formally enroute to the certification. These companies provide employment to 2,146 individuals, and directly affect over 850 rural families with forest resources.

Peru Forest & Trade Network (soon to be launched):

- Two of the biggest concessionary forest companies in Peru, Maderacre & Maderija managing 98,000 hectares and Aserradero Espinoza managing 82,000 hectares, were accepted to join the Peru FTN. With these new forest participants, Peru FTN has a total of three forest participants managing 360,000 hectares. Peru FTN is now working with four more forest companies including AIDER (indigenous community managing 35,000 hectares) and Carlos Muñoz Valdivia managing 5,100 hectares. These companies are expected to officially join the Peru FTN during the next quarter.
- Peru FTN also welcomed 5 new trade members:

- Plywood manufacturer (Grupo Empresarial Amazónico S.A. or GEA), a Pucallpa-based, FSC-certified company
- Exportimo, Oficio Aureo and D1 SAC, 3 Lima-based furniture manufacturers
- Palacios Hermanos, a Pucallpa and Atalaya-based flooring manufacturer

The Peru FTN is currently assisting three more companies to formalize their Peru FTN membership.

- Peru FTN facilitated two market links including AIDER and Oficio Aureo with an estimate value of \$12,300 and G. Espinoza and TBM Hardwoods with an estimated value of \$730,000. In addition, two inquiries are committed between Consorcio Forestal Amazónico and Exportimo with an estimated value of \$185,000 as well as Consorcio Forestal Amazónico and Triplay Amazónico with an estimated value of \$120,000.
- Considerable progress was made by the WWF/Peru FTN with indigenous communities in Atalaya Peru to advance community management of forest resources and also to resolve conflicts with the Consorcio Forestal Amazonico (CFA) that manages 180,000 hectare concessions:
 - WWF/Peru FTN has provided training to 33 Indigenous Community Forest Promoters in the community of Centro Pucani, mainly on the subjects of legal and administrative procedures related to forest management and harvesting. A portion of this training was devoted to the various community analyses to understand the community contexts, and subsequently, technical training.
 - The boundary between the CFA forest concessions and the indigenous communities of Boca Apinihua, Santa Clara, Lagarto Millar and Centro Apinihua, as well as unclaimed state lands owned by the Peruvian government was defined in order to reduce the likelihood of conflicts arising from unknown boundaries. A total boundary of 29,400 meters (by 3 meters wide) was established.

LAC and Vietnam:

GFTN Latin America Coordinator presented the supply of certified wood from Latin American GFTN members at the Trade Promotion Seminar during at the Ho Chi Minh City Furniture and Handicraft Trade Fair 2006. The Seminar was organized by the Vietnam FTN jointly with GTZ, and all Vietnam FTN member companies were present. In addition, GFTN Latin America Coordinator has met with several Vietnamese companies individually to discuss potential for sourcing wood from Latin America GFTN members.

Brazil:

WWF's activities in Brazil are supported by matching funds.

- Of the six members in the SIM Program, five companies have already completed the action plan. This was partially motivated by the recent changes in the forest policy in Brazil. It is expected that more companies will seek tools and guidance from the SIM Program in order to ensure the companies' timely implementation of sustainable forest management. So far, Brazil FTN is working in four states (Acre, Rondonia, Mato Grosso, and Amazonas)

- The three major documents for FTN forest participants (the FTN agreement, FTN application form and FTN conditions of participation) are translated in Portuguese and ready to guide potential applicant companies to engage to the SIM Program.
- The Brazilian Forest Service started the public consultation on the regulation of the concessions law. WWF is not only participating of this process but also focusing on expanding the SIM Program (a stepwise approach in Brazil) to include activities related to law enforcement and governance (FLEG).
- IUCN, the WWF partner in the SIM Program has signed and Memorandum of Understandings and hired the first consultants for the SIM Program. The consultants will work with both communities and companies conducting the baseline assessments and helping them to develop and implement the action plans.

Asia and the Near East

Activities in the Asia and Near East region are supported by USAID through *the Alliance to Promote Forest Certification and Combat Illegal Logging in Indonesia* with technical assistance from the GFTN Secretariat (funded through the SFPGA).

WWF Malaysia Forest & Trade Network

- Malaysia FTN provided technical assistance to Raya Intan and Sabah Forestry Department to complete their baseline appraisals and develop their action plans. They are now ready to formally join the Malaysia FTN. In addition, Test Rite Ptd Ltd. has submitted their application to the Malaysia FTN. .
- Malaysia FTN member Inspiration (manufacturer of garden furniture) had organized a workshop for their suppliers including Sapulut Development, Timberwell and Mangium (plantation company) in August. Global Forest Services, a consulting company, was appointed to introduce a concept of responsible purchasing and forest certification in the GFTN context by reflecting the industry point of view.

WWF Indonesia Forest & Trade Network: Nusa Hijau

- Four new trade participants (manufacturers) joined Indonesia FTN including: PT Rimba Mutiara Kusuma (garden furniture), PT Marcelindo Jaya Pratama (garden furniture), PT Inatai Golden Furniture Industries (garden furniture), and PT Seng Fong Moulding Perkasa (flooring). Official signing the participation agreement between Indonesia FTN and PT Seng Fong Moulding Perkasa took place at their company in Jombang, East Java on September, 18, 2006. Approximately 200 people including all employees, local governments, customers, buyers and other stakeholders have attended the ceremony.
- During this reporting period, total of six teen applications have submitted, of which eight applicants are potential member of the Indonesia FTN. Those include three manufactures, one forest company managing 100,000 hectares of natural forest, and four community forests (Gerikis Community Forest, Guwotirto Community Forest, Tirtosuworo Community Forest, and Sejati Community Forest) located in Central Java. Indonesia FTN is now assisting a total of six community forests to develop their certification action plans.

- Indonesia FTN has assisted the implementation of action plans for its three trade participants including PT Bangkit Jaya Semesta, PT Falak Jaya, and PT Sari Bumi Kusuma. PT Falak Jaya has successfully received the FSC Chain of Custody certification. In addition, Indonesia-FTN has been also assisting five forest management units of Perum Perhutani in East Java with the size of 168,060 hectares to implement their action plans.
- Indonesia FTN has facilitated several meetings between Dutch buyers and a number of Indonesia-FTN members including PT Intracawood manufacture, PT Sari Bumi Kusuma, PT Sumalindo Lestari Jaya, PT Erna Djuliawati and the Ministry of Forestry to establish market links.

WWF Vietnam Forest & Trade Network

Activities in Vietnam are supported through matching funds.

- FOREXCO, Vietnam FTN (VFTN)'s first forest applicant managing 4,100 hectares of acacia plantation, completed their action plan. Vietnam FTN assisted FOREXCO in drafting responsible forest policy in compliance with the GFTN participation requirement. This company also has two Chain of Custody certified garden furniture factories, and Vietnam FTN assisted in developing their responsible purchasing policies.
- Lots of efforts have been made to create market links between Vietnam FTN members and Latin and South American timber suppliers during this reporting period. For example, the VFTN has led its members to Brazil and SPOGA trade fair in Germany in September 2006 where several meetings were set up. In addition, GFTN Latin America Coordinator assisted VFTN and its members with sourcing from Latin America during the seminar on responsible purchasing and FSC markets at the Ho Chi Minh City Furniture and Handicraft Trade Fair 2006.
- GFTN Responsible Purchasing Guidelines and Chain of Custody guidelines were translated into Vietnamese and distributed to VFTN members (also available at www.forestandtradeasia.org). VFTN also produced one 15 minutes VFTN documentary "Local Forests...Global Market" on DVD, as well as quarterly newsletters to communicate Vietnam FTN membership benefits and responsibilities.
- VFTN organized several workshops and seminars in order to promote responsible forest product trade. One of the workshops was for Laos forestry officials on responsible purchasing policy. Three other seminars were on timber trade promotion and export development, which was attended by approximately 40 people from furniture companies and other interested people. Vietnam FTN also organized Chain of Custody training for current and potential VFTN members and four practical baseline assessment trainings for potential Vietnamese assessors.

Africa

WWF Central Africa Forest & Trade Network

- Danzer Group operating in the Democratic Republic of Congo and Congo-Brazzaville committed to join the Central Africa FTN (CAFTN). Danzer Group published their policy statement and a joint press release with GFTN stating its commitment to a credible certification (Forest management certification and certification of the chain of custody) and membership to GFTN. Danzer subsidiaries IFO in the Republic of Congo Brazzaville and SIFORCO in the Democratic Republic of Congo manage a combined total forest area of 3.2 million hectares. The

IFO concession, comprising a total of 1.3 million hectares is scheduled to achieve FSC certification during 2008. Gradual certification of the five SIFORCO concessions totaling nearly 1.9 million hectares is set to begin in 2010. Danzer has the largest concession area in Africa currently being prepared for FSC certification.

- SEFAC Group managing five concessions covering 400,000 hectares in Cameroon also joined the CAFTN. They are implementing their action plans and schedule to organize the initial audit in November 2006. SEFAC logging concessions are adjacent to Lobeke National Park located in the South-East of Cameroon. This park is part of Sangha Trinational Protected area.
- TRC operating in Cameroon committed two additional logging concessions totaling 154,696 hectares for a certification. Although several corrective actions have been identified, TRC has made a significant progress since the pre-audit. CAFTN helped TRC identify and map 18 high value social and cultural sites within the FMU and established three permanent plots and two phonological monitoring trails. The CAFTN also provided the technical support for official establishment and training of ten forest community committees representing sixty villages located around TRC concession. These committees will play an intermediate role for the negotiation between TRC, the communities, and the administration.
- CAFTN also supported PALLISCO to organize the assessment of social and environmental impact of their logging operations. In addition, CAFTN identified a process to build capacities of local communities around PALLISCO logging concessions for access and effective use of forest royalties.
- CAFTN organized several meetings to promote CAFTN activities within the Congo Basin involving the key stakeholders such as Fench Régional Forest and Environnement Adviser for Central Africa, the Representative of the French Ministry of Foreign Affairs (MFA) for Central Africa, the AFD representative in the Central African Republic, the Congo-Brazzaville Delegation, Gabon Delegation, and ITTO Representative. Through these meetings, CAFTN successfully communicated that the stepwise approach adopted by GFTN is the most appropriate way to achieve credible certification in Congo Basin.

Ghana Forest & Trade Network

- The program is making significant impact on local development particularly in the communities fringing the concessions of Samartex Timber & Plywood Company Ltd. Through the Ghana FTN activities, Samartex has reviewed its Social Responsibility Agreement with the fringe communities. The Samartex is increasing its contributions towards the development of communities in its operational areas.
- Scanstyle Mim Ltd, Ghana Primewood and Logs & Lumber Ltd are also making remarkable progress in phasing out unwanted sources of wood and Chain of Custody procedures. Logs & Lumber has stopped sourcing from contractors in order to avoid the use of wood from controversial sources where legality cannot be proved. The company is also making progress in areas of worker safety through provision of protective gear to bush workers and also reviewing its Social Responsibility Agreement strategies. Ghana Primewood is working on tracking and Chain of Custody system to be able to trace all logs into the mill. Scanstyle Mim Ltd is also making a significant progress in sorting out the Chain of Custody gaps identified in January 2006 during the company's baseline appraisal. With support from Ghana FTN, the company is

currently training the staff involved in receiving and handling logs on Chain of Custody procedures.

- Reduced Impact Logging practical and field training was conducted for three key member companies of Ghana FTN including Samartex Timber & Plywood, Ghana Primewood and John Bitar & Co. The training exercise lasted for three weeks with one week field training in each company's concessions between September 11th through October 3rd. Eight chainsaw operators (fellers) and two Forest Managers were trained in each of the three companies, which resulted a total of thirty people trained within the three weeks period. The key activities took place in each company includes: i) Appropriate planning of logging operations to reduce logging damage to residual stands (including best road alignments, skid trails, skidding and development of log sidings); ii) Felling techniques including directional felling, best felling practices to reduce damage to fell tree logs as well as the residual stands (e.g. felling techniques to avoid pull-outs and cracks to fell trees and best practices to reduce collateral damages); iii) Good maintenance of saws and chains as well as handling to achieve durability and maximum performance of chainsaws and iv. Safety measures during felling operations.
- Ghana FNT organized a training program on the Chain of Custody and raw material inputs handling and recordings for ten workers of Scanstyle Mim Ltd since the company's staff at the various stages of wood input in the production lines did not have the relevant skills to meet the Chain of Custody requirements. The training is still on-going and will end in November 2006.
- Through the Voluntary Partnership Agreement (VPA) and VLTP processes, Ghana FTN is gaining recognition and respect at the Ghana Forestry Commission. The IUCN FLEGT process in Ghana has identified Ghana FTN as a collaborator and invited the Ghana FTN Manager to serve on the IUCN FLEGT Advisory Board. The Ghana FTN Manager participated in a VPA Steering Committee meetings at the Forestry Commission to develop road map for the VPA process in Ghana and to review a proposal by the Ghanaian government to UK government for financial support for the VPA process in Ghana. At this meeting, the FTN Manager gave a brief presentation on linkages FTN activities and the VPA processes. Following the presentation, the FTN Manager and the VPA Coordinator in Ghana were tasked to ensure that the linkages are reflected in the Ghana government's proposal to be submitted to the UK government.
- Local version of HCVF document for the use in the field was finalized within the quarter. The document is currently in the process for publication.

Europe and Eurasia

Russia Forest & Trade Network: Russian Association of Environmentally Responsible Timber Producers (RAERTP)

- Russia FTN welcomed two new participants (Terneyles and Lesintercom) and two applicants (Titan-Lesprom and Technoclassic). Terneyles has 2.5 million hectares of forest in Russian Far East. Russia FTN is also discussing the Russia FTN membership with seven companies (Mondi Business Paper Syktyvkar, Novoyeniseysk Timber & Chemical Complex, Rimbunan Hijau, Titan-Lesprom, Technoclassic, Tomsk Pencil Factory, Timber Production). All of these companies are leading in their sectors and/or regions. Their participant to the Russia FTN can make significant impact on promoting credible certification in their sectors/regions and serving as examples for other local companies to join FTN.

- Russia FTN assisted participants in developing action plans and environmental policies. Action plans were made to Premium-Les and Priozersky DOZ, and environmental policies were developed by Cardinal, Yeniseylesozavod, and Terneyles.
- Cherepovetsles (3 uncertified logging companies managing a total of 900,000 hectares) has achieved FSC forest management certificate. Main FSC assessments were also made for two participants including Kachugsky PK (Siberian Silver Pine - Management) and Lesintercom. Certified forests in Russia have now reached nearly 10.1 million ha, while FTN participants account for 59%. The certified area is expected reach 15 million hectares of by the end of the year.
- The first international workshop for promoting GFTN, credible certification and markets was held in Vladivostok in September attended by approximately 50 attendees, including all leading regional forest companies, forestry administration, and forest research institutes. BlueLinx (NAFTN member) and Anxin (China FTN member) also attended the workshop. After the workshop, Russia FTN has facilitated meetings for BlueLinx and Anxin to meet with potential supplier in Russia - Terneyles and Les Export which are both Russia FTN participants.

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July 1, 2006 – September 30, 2006

Table 1

Data is as of June 2006 and may not reflect newly admitted members.

FTN	Status	Hectares	M3 Round wood equivalent	Number of companies	FSC Hectares
Australia WWF FTN	Application submitted			2	
Australia WWF FTN	Forest Participant	97,000	400,000	1	97,000
Australia WWF FTN	Potential Participant	166,536		11	166,536
Australia WWF FTN	Trade Participant			1	
Austria WWF Wood Group	Trade Participant			10	
Belgium FSC FTN	Application submitted			1	
Belgium FSC FTN	Trade Participant			14	
Bolivia WWF FTN	Baseline appr. & Action plan completed	20,000	8,200	2	
Bolivia WWF FTN	Baseline appr. & Action plan in process	300,000	3,500	1	300,000
Bolivia WWF FTN	Forest Participant	90,000	14,000	1	
Bolivia WWF FTN	Trade Participant	11,000	9,200	3	
Brasil FOE CPFC	Forest Participant	122,729		2	122,729
Brasil FOE CPFC	Suspended Trade Participant			30	
Brasil FOE CPFC	Trade Participant	8,647		41	8,647
Brasil PFCA	Application submitted	25,100	100,000	1	25,100
Brasil PFCA	Forest Participant	1,092,118	13,600	9	963,826
Brasil PFCA	Suspended Forest Participant	40,862	17,000	1	38,000
Brasil WWF Brasil	Baseline appr. & Action plan completed	135,525	92,884	4	
Brasil WWF Brasil	Baseline appr. & Action plan in process	11,113	56,368	2	
Brasil WWF Brasil	Suspended Forest Participant	22,446	22,864	2	
Bulgaria WWF DCPO FTN	Application submitted	23,500	18,000	7	
Bulgaria WWF DCPO FTN	Potential Participant		130,000	3	
CAFTN - Cameroon	Application submitted	388,292	102,650	6	42,000
CAFTN - Cameroon	Forest Participant	1,131,170	445,000	16	
CAFTN - Cameroon	Potential Participant	323,410		4	
CAFTN - Dem Rep Congo	Application submitted	1,131,600	50,000	1	
CAFTN - Dem Rep Congo	Potential Participant			1	
CAFTN - Gabon	Potential Participant	1,050,000		6	
CAFTN - Rep Congo	Application submitted	1,900,000	100,000	1	
China WWF FTN	Application submitted	280,000	2,318,000	8	0
China WWF FTN	Forest Participant	433,453	323,000	2	433,453
China WWF FTN	Trade Participant		430,000	6	
France WWF Club Proforêt	Trade Participant			11	
Germany WWF Wood Group	Application submitted		200,000	1	
Germany WWF Wood Group	Trade Participant			16	
Ghana FOE FTN	Application submitted	57,605		2	
Ghana FOE FTN	Baseline appr. & Action plan completed	18,180	96,000	1	
Ghana FOE FTN	Baseline appr. & Action plan in	22,560		1	

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	process				
Ghana FOE FTN	Forest Participant	329,844	768,000	5	
Ghana FOE FTN	Potential Participant		50,000	4	
Hong Kong EcoWood@sia	Trade Participant			7	
Indonesia WWF Nusa Hijau FTN	Application submitted	317,685	170,000	16	
Indonesia WWF Nusa Hijau FTN	Awaiting GFTN Secretariat approval		6,000	2	
Indonesia WWF Nusa Hijau FTN	Baseline appr. & Action plan completed	171,340	400,000	3	
Indonesia WWF Nusa Hijau FTN	Baseline appr. & Action plan in process			4	
Indonesia WWF Nusa Hijau FTN	Forest Participant	641,132	275,300	8	269,660
Indonesia WWF Nusa Hijau FTN	Potential Participant		150,000	1	
Indonesia WWF Nusa Hijau FTN	Trade Participant		365,250	10	
Jagwood+ Belize	Potential Participant	104,888		1	104,888
Jagwood+ Costa Rica	Potential Participant	70,409	207,890	18	70,409
Jagwood+ Guatemala	Potential Participant	72,895		4	68,017
Jagwood+ Honduras	Potential Participant	12,119		3	12,119
Jagwood+ Nicaragua	Application submitted	22,034		4	22,034
Jagwood+ Nicaragua	Baseline appr. & Action plan completed	5,000		1	
Jagwood+ Nicaragua	Baseline appr. & Action plan in process	23,632		6	
Jagwood+ Nicaragua	Potential Participant	3,500		1	3,500
Jagwood+ Nicaragua	Trade Participant			3	
Jagwood+ Panama	Baseline appr. & Action plan in process			3	
Jagwood+ Panama	Forest Participant	3,025		2	3,025
Japan WWF Sanshoukai	Forest Participant	45,150		6	16,719
Japan WWF Sanshoukai	Trade Participant			19	
Malaysia FTN (MFTN)	Baseline appr. & Action plan completed		1,577	2	
Malaysia FTN (MFTN)	Baseline appr. & Action plan in process	226,260	115,000	5	
Malaysia FTN (MFTN)	Potential Participant	403,870	90,000	3	
Malaysia FTN (MFTN)	Trade Participant		202,500	3	
Netherlands FSC FTN	Application submitted			1	
Netherlands FSC FTN	Other			1	
Netherlands FSC FTN	Trade Participant			16	
North America WWF FTN	Application submitted		25,000	1	
North America WWF FTN	Potential Participant	12,150,882	24,633,800	20	1,600,000
North America WWF FTN	Trade Participant		666,000	4	
Peru WWF FTN	Application submitted	279,000	109,892	9	53,000
Peru WWF FTN	Forest Participant	182,000	10,000	1	182,000
Peru WWF FTN	Trade Participant		349,759	3	
Philippines (Malaysia FTN)	Application submitted			3	
Romania WWF DCPO FTN	Application submitted		109,000	1	
Romania WWF DCPO FTN	Baseline appr. & Action plan completed	22,053	46,700	3	
Romania WWF DCPO	Forest Participant	17,440	47,000	1	17,440

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FTN					
Romania WWF DCPO FTN	Observer	26,925	75,000	3	
Romania WWF DCPO FTN	Potential Participant		1,175,000	6	
Russia WWF FTN	Application submitted			1	
Russia WWF FTN	Forest Participant	15,633,900	24,296,305	23	6,003,257
Russia WWF FTN	Trade Participant		55,000	1	
Spain WWF Grupo 2000	Trade Participant	1,027	707,740	11	
Sweden WWF FTN	Trade Participant		245,040,000	26	
Switzerland WWF Wood Group	Trade Participant		0	21	0
UK WWF FTN	Application submitted		200,000	1	
UK WWF FTN	Potential Participant		0	5	
UK WWF FTN	Suspended Trade Participant		162,582	6	
UK WWF FTN	Trade Participant		20,664,627	46	
Vietnam WWF FTN	Baseline appr. & Action plan completed			2	
Vietnam WWF FTN	Trade Participant		875,000	4	

Table 2. Forest Participants Progress

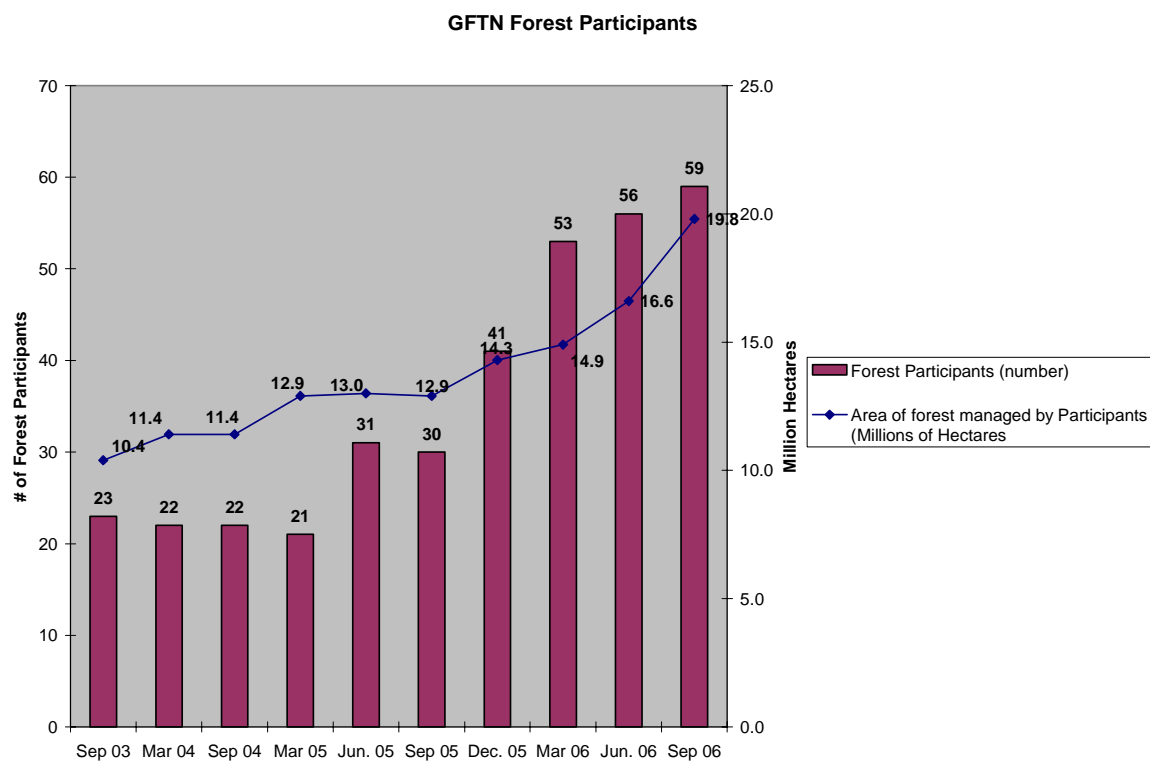


Table 3. Trade Participants Progress

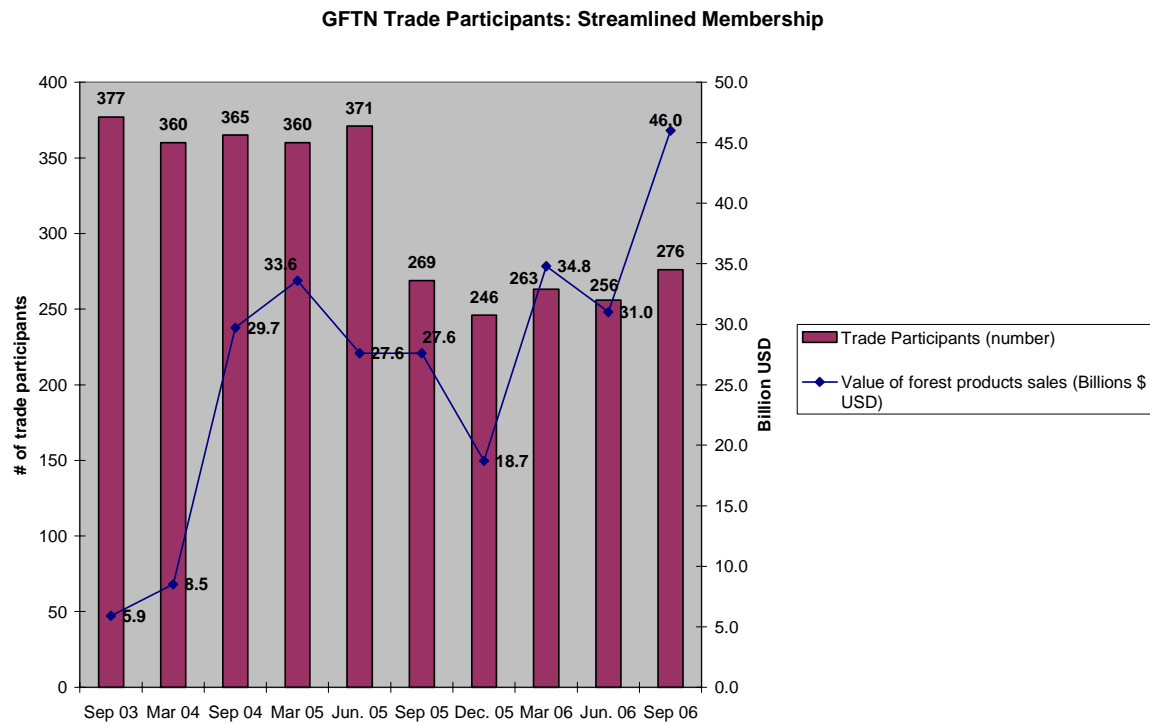
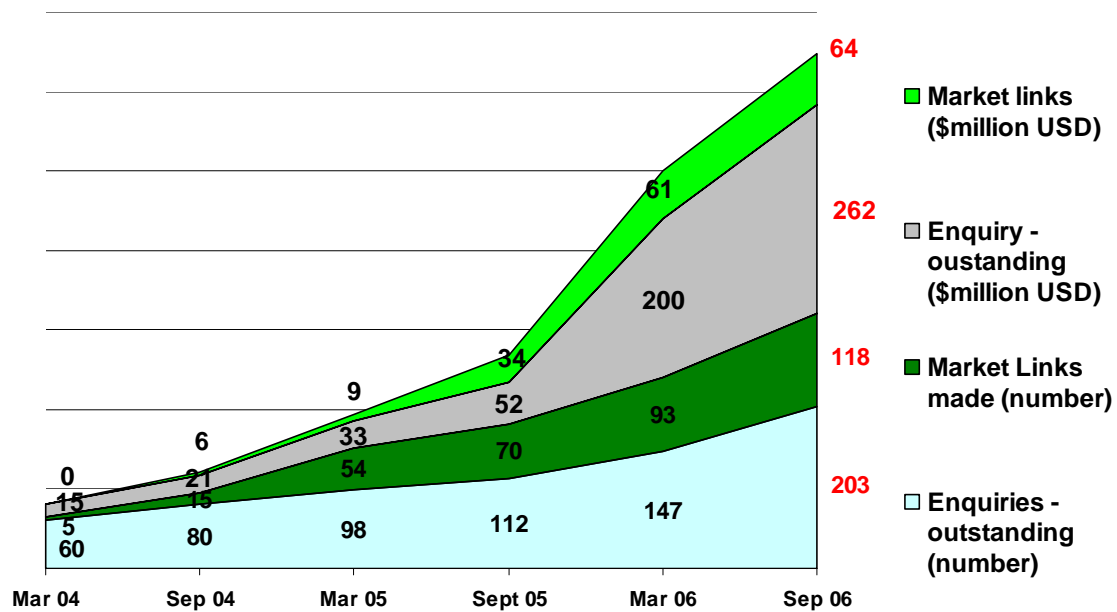


Table 4. Market Links Progress



5. Partnerships and Leverage

Existing Partnerships

An update on the confirmed partners and leverage is provided below. In addition to USAID's investment of 9.6 million USD (through Year 4), WWF and Metafore have leveraged direct and indirect contributions of 30 million USD from a variety of partners, representing more than 3:1 leverage ratio.

Table 2: Existing Partnerships and Leverage

Partner	Role of Partner	Leverage
<i>Corporate</i>		
The Home Depot	Global Alliance charter partner is supporting program activities financially and committed to working with their suppliers to develop sources of responsibly harvested wood products.	\$1,000,000 cash support to WWF \$50,000 cash support to Metafore
Andersen Corporation	Global Alliance partner is supporting program activities financially and committed to working with their suppliers to develop sources of responsibly harvested wood products.	\$100,000 cash \$100,000 in-kind
IKEA	Investing in responsible forestry projects in China, Russia, the Carpathians, the Baltic states, and South East Asia.	\$6,100,000 cash \$72,000 in-kind
Catalyst Paper, (formerly NorskeCanada)	Global Alliance partner is supporting program activities financially and committed to working with their suppliers to develop sources of responsibly harvested wood products and promoting these products in the global marketplace.	\$100,000 cash
Norm Thompson Outfitters	Partner in Metafore's Paper Working Group working to define environmentally preferable paper, develop tools for measuring and evaluating it, and take actions to increase its availability. Metafore also worked with NTO to construct a wood products Scorecard to be used by internal buyers.	\$22,000 cash \$19,000 in-kind
McDonald's Corp.	Partner in Metafore's Paper Working Group working to define environmentally preferable paper, develop tools for measuring and evaluating it, and take actions to increase its availability.	\$38,000 cash
Toyota Motor Sales USA, Inc.	Partner in Metafore's Paper Working Group working to define environmentally preferable paper, develop tools for measuring and evaluating it, and take actions to increase its availability.	\$35,400 cash
Time, Inc.	Partner in Metafore's Paper Working Group working to define environmentally preferable paper, develop tools for measuring and evaluating it, and take actions to increase its availability.	\$55,400 cash \$450,000 in-kind
Hewlett-Packard Co.	Partner in Metafore's Paper Working Group working to define environmentally preferable paper, develop tools for measuring and evaluating it, and take actions to increase its availability.	\$50,400 cash \$380,000 in-kind
Nike, Inc.	Partner in Metafore's Paper Working Group working to define environmentally preferable paper, develop tools for measuring and evaluating it, and take actions to increase its availability.	\$48,000 cash \$195,000 in-kind
Starbucks Coffee Company	Partner in Metafore's Paper Working Group working to define environmentally preferable paper, develop tools for measuring and evaluating it, and take actions to increase its availability.	\$50,000 cash \$60,000 in-kind

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FedEx Kinko's, Inc.	Partner in Metafore's Paper Working Group working to define environmentally preferable paper, develop tools for measuring and evaluating it, and take actions to increase its availability.	\$27,900 cash \$70,000 in-kind
Bank of America	Partner in Metafore's Paper Working Group working to define environmentally preferable paper, develop tools for measuring and evaluating it, and take actions to increase its availability.	\$40,000 cash
Staples, Inc.	Partner in Metafore's Paper Working Group working to define environmentally preferable paper, develop tools for measuring and evaluating it, and take actions to increase its availability.	\$53,400 cash \$205,000 in-kind
Cenveo (formerly Mail-Well)	Partner in Metafore's Paper Working Group working to define environmentally preferable paper, develop tools for measuring and evaluating it, and take actions to increase its availability.	\$30,400 cash
Quad Graphics	EPAT early adopter circle	\$10,000 cash \$10,000 in-kind
L.L. Bean	EPAT early adopter circle	\$10,000 cash \$10,000 in-kind
JC Penney Co., Inc.	EPAT early adopter circle	\$10,000 cash \$10,000 in-kind
REI	EPAT early adopter circle	\$10,000 cash \$10,000 in-kind
Hearst Enterprises	EPAT early adopter circle	\$10,000 cash \$10,000 in-kind
Office Depot	EPAT early adopter circle	\$10,000 cash \$10,000 in-kind
RR Donnelley & Sons Company	EPAT early adopter circle	\$10,000 cash \$10,000 in-kind
Quebecor, Inc	EPAT early adopter circle	\$10,000 cash \$10,000 in-kind
Fedex Express	EPAT early adopter circle	\$10,000 cash \$10,000 in-kind
Sveaskog	Swedish state-owned forest company is partnering with WWF-GFTN to broaden the market for certified products.	\$147,000 cash
Forest Products Association of Canada	Provided cash contribution in support of Metafore's Certification Resource Center, and in-kind support to facilitate dialogue between forest products industry and business Buyers regarding the production of environmentally preferable paper.	\$17,000 cash \$25,891 in-kind (\$CDN35,000)
Certified Wood and Paper Association (formerly CFPC Marketing Collaborative)	In-kind support—based on business contributions and dues—in the form of promotion of certified wood and paper products.	\$307,575 in-kind
Various technical assistance providers	Provided in-kind support in the form of software and reductions of fees as a contribution.	\$8,819 in-kind
Latin American forest companies in Nicaragua	Participated in the development and testing of tools to assess production capacity, technical assistance needs, and identify	\$30,000 in-kind

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and Costa Rica (11)	opportunities for growth in the domestic and international marketplace.	(provided to Jagwood+)
ERM Japan Ltd.	Contributed goods and services for Northeast Asia market assessment	\$14,000 in-kind
PROMPEX – Peruvian institution for exports promotion	Supported participation of GFTN LAC Regional Coordinator at Negocia Madera 2004 trade show in Lima, Peru	\$1,131 in-kind
Lippencott Mercer	Provided in-kind support to Metafore in the form of services.	\$70,000 in-kind
Selloro	Panamanian hardwood flooring company supporting responsible forest management and trade with the indigenous communities of the Comarca Emberá / Wounaan in the Darien Ecoregion, Panama	\$25,000
Local forest products trade associations	Using market benefits to promote sustainable economic development and forest conservation by small landowners, manufacturers and traders in the Dominican Republic	\$25,000
Newly recruited participants of Forest & Trade Networks in LAC, Russia, Africa	As new participants are recruited to FTNs they contribute membership fees and invest in action plans to promote responsible forestry	Significant but as yet not quantified parallel investments and some direct investments
PFCA- Brazil Corporate Producer Group	Companies implementing responsible forest management and supporting operation of Brazil producer group in Belem	\$25,000
Weyerhaeuser	Forest Leadership Forum sponsor	\$25,000 cash
International Paper	Forest Leadership Forum sponsor	\$7,500 cash
Lanoga	Forest Leadership Forum sponsor	\$10,000 cash
TBM Hardwoods	North America FTN participant	\$15,000 cash
BlueLinx	North America FTN participant	\$100,000 cash
Tetra Pak	Investing in the improved management of the world's forests through GFTN, developing a responsible purchasing policy and action plan	\$118,000 cash
Johnson & Johnson	Developing a responsible purchasing policy, North America FTN applicant	\$25,000 cash
Bank of America	Forest Leadership Forum sponsor	\$50,000 cash
PricewaterhouseCooper	Forest Leadership Forum sponsorship	\$7,500 cash
Pyramid Communications	Forest Leadership Forum sponsorship	\$ 5,000 In-kind
Time Inc.	Forest Leadership Forum sponsorship and EPAT support	\$10,000 cash
<i>Private Foundation/NGO</i>		
WestWind Foundation	Supporting North American FTN activities	\$65,000 cash
Arthur Blank Family Foundation	Supporting North American FTN activities	\$100,000 cash
Blue Moon Fund	Supporting GFTN in North America, Brazil, and China	\$200,000 cash

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Rockefeller Brothers Fund	Grant to Metafore to develop market for certified forest products.	\$200,000 cash
Ford Foundation	Grant to Metafore to improve forestry practices around the world through promoting and facilitating the increased purchase, use and sale of third-party certified forest products.	\$300,000 cash
Surdna Foundation	Contribution to Metafore to support development of collaborative for marketing certified forest products.	\$225,000 cash
MacArthur Foundation	General support to Metafore.	\$33,000 cash
Forest Trends	Programmatic support to the Global Alliance in the form of a global market assessment; strategic studies on critical issues to forest conservation and poverty alleviation; and dissemination of results.	\$4,000,000 public and private donations
GreenWood/Madre Verde	Community based NGO working in Honduras developing conservation-based SME.	\$35,000 cash
Forest Products Association of Canada (FPAC)	Forest Leadership Forum sponsor	\$75,000 cash
Citigroup Foundation	Building sustainable forest product supply chains in China, Indonesia, Malaysia, Vietnam, Brazil, Peru, Guatemala, Honduras, and Costa Rica	\$150,000 cash
Fundacion Natura (Panama)	Implement indigenous community forest management in the community of Marraganti	\$100,000
American Forest and Paper Association (AF&PA)	Forest Leadership Forum sponsorship	\$15,000 cash
WWF North American Trade Network	Forest Leadership Forum sponsorship	\$10,000 cash
<i>Government</i>		
UK Department for International Development	Supporting development of Forest & Trade Networks in Ghana and Brazil, and reducing poverty in priority ecoregions in LAC by building effective market linkages between indigenous community forest enterprises and manufacturers	\$1,200,000 cash
European Union/WWF Belgium	Sustainable Forest Management – Central Africa Project contributing to Producer Group development	\$1,300,000 in parallel investment
Netherlands Ministry of Foreign Affairs (DGIS)	Sustainable Forest Management Project in Democratic Republic of Congo contributing to Producer Group development.	\$1,100,000 in parallel investment
BMZ	Promoting technical partnerships in forest management in Congo Basin contributing to Producer Group development.	\$50,000 in parallel investment
Congo Basin Forest Partnership/FFEM	Jengi Project technical assistance in Cameroon contributing to Producer Group development.	\$225,000 in parallel investment
Government of Sweden	Vertical integration of responsible community and Small & Medium Enterprises (SME) Bolivian wood products sector.	\$325,000
Government of Belgium	Vertical integration of responsible community and Small & Medium Enterprises (SME) Bolivian wood products sector.	\$80,000
Government of	Vertical integration of responsible community and Small &	\$426,000

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Switzerland	Medium Enterprises (SME) Bolivian wood products sector.	
Government of Germany (DED; KfW, GTZ)	Using market benefits to promote sustainable economic development and forest conservation by small landowners, manufacturers and traders in the Dominican Republic (via PROCARYN project)	\$100,000
International Finance Corporation (IFC)	Technical assistance to support responsible producers in Nicaragua	\$150,000
European Union	Supporting FTNs in Africa and Asia	\$4,550,000 cash
UK Department for International Development	Supporting development of functional Community Forest Management Enterprises with Indigenous Communities in Peru, Bolivia, Colombia, Panama and Nicaragua that reduce poverty by generating employment and earnings for communities, long-term and stable wood supply for manufacturers, and improved policy environment with Civil Society Organizations.	\$600,000 cash
DGIS (Netherlands)	Community business development, High Conservation Value Forest monitoring, improved forest policies and lessons learned	\$119,000 cash
World Bank/WWF Alliance	Building linkages between communities and manufacturers, implementing wood tracking mechanisms to reduce illegal logging, and developing mechanisms to access credit	\$110,000 cash
European Union/WWF Netherlands and WWF U.K.	Consolidation of forest landscapes protection and management in Choco-Darien Ecoregional Complex	\$2,660,953 cash
IFC SME Facility	Strengthening of rural indigenous forest enterprises in Nicaragua	\$900,000
IFC SME Facility	Establishment of linkages between indigenous community forest producers and Bolivian manufacturers.	\$700,000
TOTAL*		\$30,705,269

*Note: In addition to the funds leveraged through the partners detailed in the table above, WWF has invested **\$679,000** of its own core funds (from member dues, individual donors, and other support) to the effort.

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[illegible]

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- Japanese Paper Buyers						1	2	280				2							
-China FTN			6				2	214											
-Vietnam FTN							4	40											
LAC: enhancing regional demand	WWF	on-track	3																
Fair-trade of tropical forest products	Metafore	on-track																	
LKS Awareness and demand	Metafore	complete d																	
<i>A-2 Increase number of businesses and governments implementing purchasing policies that prefer forest products from legal, well-managed forests.</i>																			
NA-FTN	WWF	on-track				4						4							
Europe: linking to producers	WWF	on-track				5													
GFTN Asia	WWF	on-track																	
- Japanese Paper Buyers						3													
-China FTN						6						6							
LAC: enhancing regional demand	WWF	on-track				2	4												
EPAT	Metafore	on-track				1		41											
B. Increased supply of legal products from well-managed forests																			
<i>B-1 Increase the organizational and technical capacity of producers to manage legally and responsibly</i>																			
LKS supply chain development	WWF	on-track						1											
Policy advocacy with local governments	WWF	on-track				3													
Responsible forest investment	WWF	on-track																	
Indonesia	WWF	on-track	8	2			1	70				10	100,809						
Malaysia	WWF	on-track	3	5		1						3	226,260						
Vietnam	WWF	on-track				2													
Russia	WWF	on-track	2			6						2	2,500,000						
Ghana	WWF	on-track	6	1		1	20	40	40			4	98,345						
Central Africa	WWF	on-track	16	3		1						5	3,419,892						
Mesoamerica and Caribbean	WWF	on-track	31	9		1	14	480	339	141		10	45,666						
Brazil	WWF	on-track	9			3						49	194,184						

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Bolivia	WWF	on-track		2		4						2	300,000						
Peru	WWF	on-track	13			4	6	33				1 3	461,000						
China																			
<i>B-2 Increase the area of forest under improved forest management.</i>																			
Certification/stepwise approaches to improving forest management	WWF																		
Indonesia	WWF	on-track		5	7							5	378,940	8	433,532				
Malaysia	WWF	on-track		2	3														
Vietnam	WWF	on-track																	
Russia	WWF	on-track			6									6	986,900				
Ghana	WWF	on-track		1	4									4	170,844				
Central Africa	WWF	on-track			3		1	18	18	0	0	7		5	1,131,170				
Mesoamerica and Caribbean	WWF	on-track		1	3							1	5,000	2	3,025				
Brazil	WWF	on-track			2									2	325,405				
Bolivia	WWF	on-track		2	3							2	20,000	1	90,000				
Peru	WWF	on-track																	
China	WWF	on-track			2									2	433,453				
<i>B-3 Increase the area of forest under effective management as verified by credible certification</i>																			
Indonesia	WWF	on-track										1				269,660			
Malaysia	WWF	on-track																	
Vietnam	WWF	on-track																	
Russia	WWF	on-track										3				4	4,608,769		
Ghana	WWF	on-track										1							
Central Africa	WWF	on-track														42,000			
Mesoamerica and Caribbean	WWF	on-track														6	74,937		
Brazil	WWF	on-track														1 1	1,086,555		
Bolivia	WWF	on-track															300,000		
Peru	WWF	on-track															53,000		

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China													2							433,453		
C. More efficient trade of legal products from well-managed forests																						
<i>C-1 Increase market intelligence to improve access to markets by expanding technical, policy, and market information availability via Web-based resources and other venues.</i>																						
GFTN market data	WWF	on-track																				
GFTN international coordination	WWF	on-track																				
- EMG Meeting, Beijing									15													
- EMG Meeting, Douala									10	7	3	0										
- GFTN Europe Meeting in Austria								4	50													
- GFTN Study Trip to Indonesia								1	35													
- GFTN Study trip to Cameroon								1	13	9	4	0										
- Japanese delegation to Indonesia									5													
- Legality seminar in Japan (w/ Russia FTN)								1	70													
- Legality seminar in Japan (w/ Indonesia FTN)								1	90													
- GFTN Europe Mission to Finland									30													
- FTN Russia's study tour to Belgium and Netherlands									30													
- Training Workshop in Ghana (WWF/FoE)									28													
- LAC-NAFTN Meeting									14	8	6											
- Responsible Trade of Forest Products seminar, Madrid									200													
- International Workshop in Vladivostok								2	50													
Global Wood Advisor	Metafore	on-track					1		80													
Business Action Toolkit	Metafore	on-track																				
Business Case Studies	Metafore	complete d				4																
InFocus business news	Metafore	on-track					49		3209													
Certification Resource Center	Metafore	on-track					1		4000													
ComForNet	Metafore	on-track					1		50													
International professional development	Metafore	on-track					1															

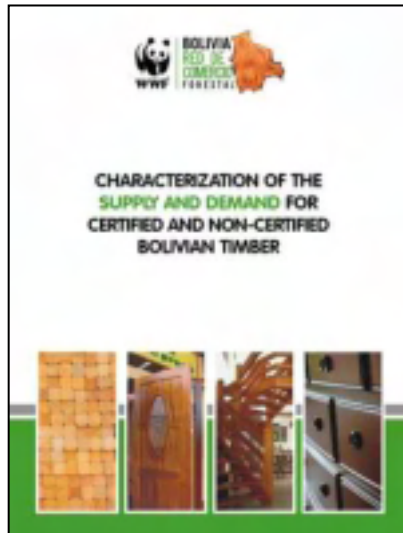
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C-2 Increase value and the number of market links (or trade relationships) between willing buyers and producers.																						
Market links	WWF	on-track																	48	30,109,000		
International producer seminars	Metafore	on-track					2		104													
Forest Leadership Forum 2006	Metafore	complete d							400													
Yer 4 TOTAL			129	22	11	66	78	63	10032	421	154	0	30	66	7750096	30	3574329	21	6868374	48	30109000	
Year 3			-	-	-	41	69	17	2939	-	-	-	53	-	-	4	657,844	-	-	42	20,400,000	
Year 2			-	-	-	24	98	274	1387	-	-	-	555	-	-	31	12,691,203	-	-	28	13,600,000	
Year 1			-	-	-	16	9	7	1221	-	-	-	46	-	-	-	1,809,232	-	-	0	-	
Grand Total (Years 1-4 Cummulative w/o detail)			-	-	-	147	254	361	15579	421	154	0	684	-	-	65	18,732,608	21	6,868,374	118	64,109,000	
			Poli cy Anal yses	Polic y Refo rm / Deve lopm ent	P o li c y a d o p t i o n	Poli cy impl ementati on	To ols	Tec h. Asst . Pers on-days	Total	Ma le	Fe male	Y o u t h	Pa rtn ers	N u m b e r s	Hectares	N u m b e r s	Hectars	N u m b e r s	Hectars	N u m b e r s	Value (US\$)	
			Policy Successes						Persons trained					Application		Participation		Certified				
														Number & Hectares of Forest under responsible forest management						Market links		
			Metric																			
* The numbers in these column are not cumulative. It represents the number of companies that are in the particular stages at the end of this reporting period.																						



Annex 2: Alliance Chronicles 1

Bolivia Forest & Trade Network Boosts Efforts With New Market Study



In 2005, officers of the Bolivia Forest & Trade Network – a part of WWF’s Global Forest & Trade Network supported by USAID – were becoming increasingly concerned that the supply of certified wood in Bolivia was not finding its way to the marketplace despite the fact that Bolivia leads the world in area of certified forest. In an effort to understand this situation, WWF commissioned a market study to compile information on supply and demand of forest products in Bolivia and to identify the principle buyers of Bolivian forest products both inside and outside the country.

Based on the resulting study carried out by HIB Latin America, WWF and the Bolivia FTN published a report - *Characterization of the Supply and Demand for Certified and Noncertified Bolivian Wood* - which has been fundamental in helping the Bolivia FTN link Bolivian producers of certified forest products with the buyers

participating in the GFTN. In addition, the information contained in the report has supported the development of a national initiative on responsible purchasing of forest products which aims to create awareness among Bolivian buyers of the advantages and availability of legal, well-managed, and certified products.

Most recently, the Bolivia FTN signed an agreement with the Municipal Government of Santa Cruz de la Sierra under which the city agreed to adopt a responsible purchasing policy for forest products. The policy is an official statement by the city agreeing to progressively increase the proportion of its forest products such as school desks and building supplies obtained from legal, well-managed, and certified sources. The agreement also includes the self-naming of Santa Cruz de la Sierra as the “World Capital of Certified Native Tropical Forests” and the designation of a public area - a part of the Canal Isuto walkway - to symbolically represent Bolivia’s leadership in forest certification. In addition to the practical objective of boosting markets for forest products from well-managed Bolivian forests, the agreement between WWF and the city is meant to contribute to public perception of the value of forests.

Bolivia FTN participants manage a combined total of 90,000 forest hectares committed to certification and together trade 23,000 cubic meters round wood equivalent per year.



Annex 3: Alliance Chronicles 2

GFTN Reaches Milestone in Protection of Central African Forests

In September 2006, Danzer Group - a leading global producer of hardwood veneer and lumber - and WWF launched a broad cooperation aimed at promoting sustainable forest management in Africa. As part of this co-operation, Danzer subsidiaries, IFO in the Republic of Congo Brazzaville, and SIFORCO in the Democratic Republic of Congo — which manage a combined total forest area of 3.2 million hectares — are scheduled to receive independent certification of responsible forest management from 2008 onwards. This is the largest concession area in Africa currently being prepared for certification.



**Officials from Danzer and WWF's
Global Forest & Trade Network**

Danzer Group's progress will be carried out in cooperation with WWF's Global Forest and Trade Network (GFTN). Danzer is working closely with the conservation organization to draw up a detailed timetable for implementation, including detailed measures for its own managed forest concessions, procurement from third-party suppliers, and all sales of African timber. Danzer Group, with its portfolio of subsidiary companies that produce and trade products made from African wood, would become the largest GFTN participant company of its kind. Globally, Danzer Group has production facilities and trading companies in Europe, North and South America, Africa and Asia.

The IFO concession, comprising a total of 1.3 million hectares, is scheduled to achieve certification during 2008. Gradual certification of the five SIFORCO concessions totaling nearly 1.9 million hectares is set to begin in 2010.

"We look forward to working together within the framework of our membership in WWF's Global Forest & Trade Network to effectively promote prudent and responsible forestry in Central African rainforests," said Hans-Joachim Danzer, CEO of Danzer Group. "Illegal logging is a threat to serious producer companies and fair competition on world markets, and must be stopped."

"Through our joint efforts, WWF and Danzer Group can make a significant contribution to rectifying this situation. We also hope that our joint activities will lead to a better mutual understanding of ecological demands and private economic interests in conjunction with sustainable forest management."

Danzer Group and the GFTN have been in discussions about working together for some time now. WWF has been active in the Congo Basin for many years and has worked to establish and oversee protected areas that would provide safe habitats for endangered species such as gorillas, forest elephants, and other wildlife in the region.

"We believe that the co-operation between WWF and Danzer represents an important shift towards

responsible forestry for some of the world's most threatened forests in the Congo Basin" said Per Rosenberg, GFTN Director. "WWF looks forward to working with Danzer to realize their commitment."

In addition to certification measures for its own concessions, the co-operation with WWF will also cover procurement from third-party suppliers and the trade in African timber by Danzer Group.